GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1310
ANSWERED ON:02.03.2001
CUT IN BANK RATE
AJAY SINGH CHAUTALA

Will the Minister of FINANCE be pleased to state:

(a) Whether the RBI has cut bank rates recently;

(b) if so, the details thereof and the reasons therefore; and

(c) its likely effects on the economy particularly on inflation ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a)&(b) : Reserve Bank of India (RBI) has reduced the Bank Rate by one half of one percentage point i.e. from 8.0 per cent per annum to 7.5 per cent per annum with effect from February 16, 2001 after a review of recent developments in the international and domestic financial markets.

(c): RBI feels that a cut in Bank Rate may spur the growth of industrial and commercial sectors. There may not be any direct impact of the Bank Rate cut on inflation.